R. STAHL Technologies
Interim Report
as of 30 June 2004

The encouraging growth
trend continues.

STAHL

First positive half-year earnings in three years

In 2Q 2004, R. STAHL Technologies realised pre-tax earnings of € 1.2m (PY: € -0.7m). First-half earnings came to € 2.3m (PY: € -1.5m). The fact that R. STAHL closed the first half of a fiscal year with a significant profit for the first time in three years underscores the success of our restructuring over the last two years. Moreover, the company benefited from the recovery of international plant construction business.

Our group's 1H order intake likewise illustrates this positive trend with a 17.0% increase over the previous year (€ 111.8m) to € 130.8m. However, 1H 2003 suffered from the Iraq war and SARS crisis. In the first six months of fiscal 2004, consolidated sales rose 12.0% to € 116.6m (PY: € 104.1m).

Overall, our 1H 2004 exceeded expectations – a clear proof that we steered the right course to lasting earnings improvement.

Marked sales increase

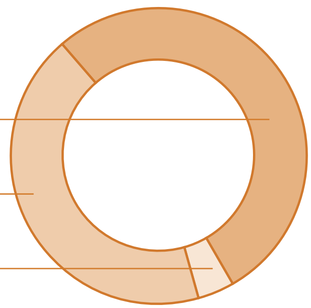
Consolidated sales for 1H 2004 grew 12.0% to € 116.6m (1H 2003: € 104.1m). Our new activities, SAE-STAHL and JD Edwards Consulting contributed € 4.3m to this. Relative to 2Q 2003 (€ 53.4m), sales rose 13.3% to € 60.5m in 2Q 2004.

Explosion Protection realised 1H sales of € 61.8m topping the previous year's figure by 19.8% and thus matching the level of 2H 2003. Our new, fully owned subsidiary SAE-STAHL (since fall 2003) contributed € 2.6m to this sales growth. This proves that the acquisition was the right move notwithstanding our troubles at that time.

Material Handling's 1H 2002 sales improved slightly to € 50.1m (PY: € 49.6m). The plant construction sector typically realises most of its sales in the second half of the year.

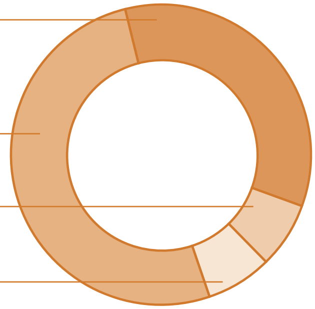
Sales by division

	Q2/2004 €000	Q2/2003 €000	1-6/2004 €000	1-6/2003 €000
Explosion Protection	31,113	25,930	61,809	51,566
Material Handling	27,283	26,009	50,107	49,576
Others	2,119	1,460	4,673	2,967
Group	60,515	53,399	116,589	104,109



Sales by region

	Q2/2004 €000	Q2/2003 €000	1-6/2004 €000	1-6/2003 €000
Germany	20,326	21,068	40,077	40,919
Central ex Germany	31,309	24,467	59,972	47,456
Americas	4,511	3,748	8,314	8,115
Asia/Pacific	4,369	4,116	8,226	7,619
Foreign	40,189	32,331	76,512	63,190



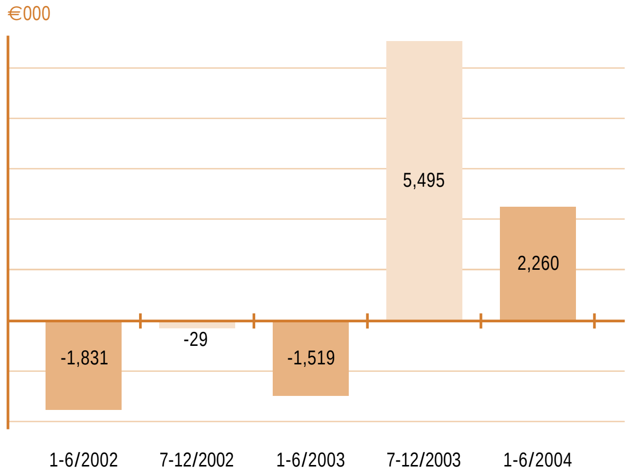
Dynamic earnings evolution

In the last three years, R. STAHL closed its first fiscal half in the red. However, in the first six months of this year, we booked positive pre-tax earnings of € 2.3m (PY: € -1.5m).

There were several reasons for this achievement:
- Our restructuring is bearing fruit: Lower costs and shorter throughput times are raising earnings.
- As part of our innovation drive, we launched new products that boost our profitability with their disproportionately high margins.
- Despite considerably lower selling price levels than in years past, the sales increase still made for higher earnings.

The following chart illustrates R. STAHL's pre-tax earnings evolution by half-years. Our first year of restructuring, 2002, saw red numbers in 1H but broke even in 2H. Notwithstanding a sales decline, the loss in 1H 2003 was already milder and in 2H restructuring success and rising sales led to respectable profits. Our earnings evolution in the first six months of this year confirm this trend for fiscal 2004 as a whole.

Earnings before taxes on income by half-year



Consolidated profit & loss account

	Q2/2004 €000	Q2/2003 €000	1-6/2004 €000	1-6/2003 €000
1. Sales revenues	60,515	53,399	116,589	104,109
2. Inventory changes in finished and half-finished goods	411	119	3,705	1,833
3. Other own work capitalised	83	0	83	0
4. Total operating performance	**61,009**	**53,518**	**120,377**	**105,942**
5. Other operating income	908	1,616	1,490	2,416
6. Cost of materials	-21,152	-19,140	-41,834	-36,564
7. Personnel expense	-26,701	-24,334	-52,797	-49,047
8. Depreciation on intangible and tangible fixed assets	-2,045	-2,117	-4,047	-4,171
9. Other operating expenses	-10,466	-9,883	-20,258	-19,394
10. Investment income	0	0	0	0
11. Interest income / expense	-283	-326	-613	-603
12. Earnings from ordinary business activity	**1,270**	**-666**	**2,318**	**-1,421**
13. Extraordinary income	0	0	0	0
14. Other taxes	-41	-41	-58	-98
15. Earnings before taxes on income	**1,229**	**-707**	**2,260**	**-1,519**
16. Taxes on income	-528	-5	-677	-88
17. Period earnings	**701**	**-712**	**1,583**	**-1,607**
18. Minority interests in period earnings	-129	-123	-221	-154
19. Group share in period earnings	**572**	**-835**	**1,362**	**-1,761**

	Q2/2004 €000	Q2/2003 €000	1-6/2004 €000	1-6/2003 €000
DVFA/SG earnings per share (in €)	**0.04**	**-0.19**	**0.11**	**-0.40**
Number of shares (weighted average in thousands)	**6,086**	**6,098**	**6,086**	**6,098**

Earnings evolution by segment

In 2Q, consolidated EBITDA of € 3.6m brought the 1H figure € 6.9m (PY: € 3.3m). Explosion Protection consistently improved its profitability. At the end of June, division EBITDA before consolidation charges of € 9.0m was 76.5% above the previous year's level (€ 5.1m).

Material Handling profited from its strategic reorientation. At € 2.9m, EBITDA before consolidation charges improved appreciably in the first six months of 2004 (PY: € 1.1m).

EBITDA before group contribution

	Q2/2004 €000	Q2/2003 €000	1-6/2004 €000	1-6/2003 €000
Explosion Protection	4,525	2,826	8,972	5,133*
Material Handling	1,823	449	2,882	1,075*
Others	-2,791	-1,539	-4,934	-2,953
Group	3,557	1,736	6,920	3,255

*Due to our restructuring, we will report consolidation charges for IT services under Other/Consolidation from 2004 forward. Last year, this item was still shown under the respective division Explosion Protection or Material Handling (€ 1m each). Adjusted for this charge, Explosion Protection's **2003 EBITDA** came to € 6.1m and Material Handling's to € 2.1m.

Liquidity improved somewhat

It is the nature of growth to employ capital. Thus, receivables and inventories increased € 3.7m. However, operating cash flow remains positive owing to our healthy earnings evolution and accruals in the amount of € 1.9m. Although the latter are curbing earnings, they have not yet resulted in any actual liquidity drain. We primarily accrued for future social and fringe benefits for our employees like, e.g., Christmas bonuses.

We managed to fully finance our € 3.0m capex from operating cash flow. Our dividend distribution to shareholders in June 2004 took € 1.2m out of our cash flow. We have restructured our debt from short-term to long-term loans, which resulted in € 1.6m positive cash flow from financing. At the end of 1H 2004, our free cash flow reached € 8.7m (PY: € 8.0m).

Staff

Incl. Trainees	1-6/2004	1-6/2003
Explosion Protection	893	844
Material Handling	708	741
Others	241	221
Group	1,842	1,806

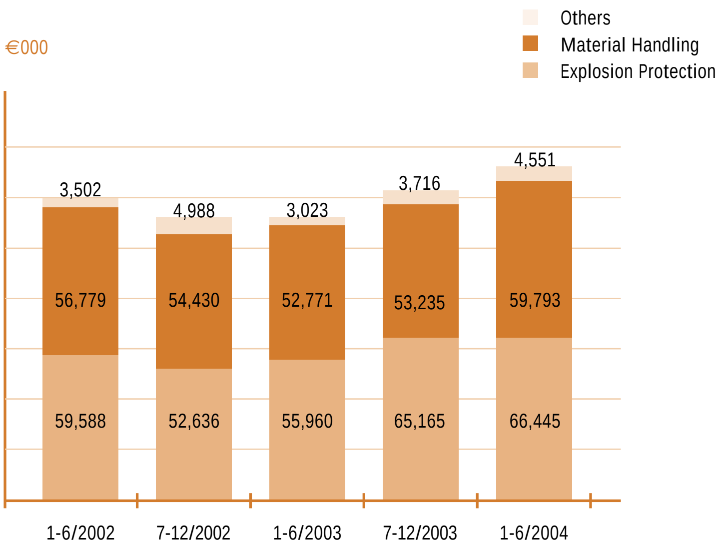
Consolidated cash flow account

	1-6/2004 €000	1-6/2003 €000
1. Period earnings	1,583	-1,607
2. Depreciation & amortisation on fixed assets	4,047	4,171
3. Changes in accruals and in special items	1,958	-1,206
4. Profit / loss from fixed asset disposals	-16	-14
5. Changes in inventories, trade receivables, and other assets	-3,664	538
6. Changes in inventories, trade payables and other liabilities	-833	-2,360
7. Operating cash flow	**3,075**	**-478**
8. Expenses for tangibles fixed asset additions	-2,995	-4,653
9. Proceeds from tangibles asset divestments	0	296
10. Capex cash flow	**-2,995**	**-4,357**
11. Free cash flow	**80**	**-4,835**
12. Shareholder's distributions (dividends)	-1,217	0
13. Minority interest distributions	-265	-518
14. Increase (+)/Decrease (-) of short-term liabilities to banks	3,889	6,122
15. Payments received from taking cut long-term loans	0	0
16. Payments made by repaying long-term loans	-423	-321
17. Changes in long-term liabilities	-381	-853
18. Financing cash flow	**1,603**	**4,430**
19. Payment-effective changes in financing funds	1,683	-405
20. Exchange rates, consolidation, and valuation related changes in financing funds	290	-1,172
21. Financing funds at the beginning of the period	6,738	9,556
22. Financing fund at the end of the period	**8,711**	**7,979**

Order intake improved substantially

In Q2, consolidated order intake increased 23.8% over the previous year's figure to € 69.6m. Comparing 1H 2004 with the previous year's semesters reveals that the order intake at € 130.8m not only outdid the relatively weak 1H 2003 by € 19.0m but also clearly exceeded the stronger 2H 2003 by € 8.7m. This stable uptrend was essentially due to international activities.

Order intake by half-year



Explosion Protection contributed € 66.4m to 1H 2004 order intake. Relative to last year's figure of € 56.0m this represents an increase of 18.6%.

SAE-STAHL contributed € 3.0m to our positive order intake development.

In contrast to 1Q 2004, which mostly involved typical expansion and maintenance business, 2Q saw the first orders for new plants. Further projects are in the bidding stage.

After we optimised our distribution, order intake for speciality products and systems picked up, too. However, demand for low-margin, low-end standard products declined somewhat as intended.

Of the division's new orders on hand added in the first six months of 2004, € 4.6m will be billed in the second half of this year.

At € 59.8m, Material Handling's order intake in 1H 2004 is 13.3% ahead of last year's comparable figure of € 52.8m. Here, too, the principal driver was international plant construction business. Domestic business exceeded expectations thanks to the division's strategic reorientation to custom system solutions. Especially the industry's big players placed new orders. But also direct exports, i.e. orders from German clients for projects abroad, grew appreciably. That Material Handling's strategy change is bearing fruit also shows in quarterly figures. In 2Q, order intake at € 31.0m increased 7.6% over 1Q 2004. Order intake growth for 1H 2004 totalled € 9.7m.

Our IT division, altro consult, likewise saw order intake grow thanks to its subsidiary SP Solution GmbH founded in 2003 to launch JD Edwards and Peoplesoft software. Moreover, demand picked up for altro consult's original core business of SAP applications and clients are beginning to revive previously frozen projects. The company now has some new orders that will be ready to bill in 2H 2004.

Order intake by divisions

	1-6/2002 €000	7-12/2002 €000	1-6/2003 €000	7-12/2003 €000	1-6/2004 €000
Explosion Protection	59,588	52,636	55,960	65,165	66,445
Material Handling	56,779	54,430	52,771	53,235	59,793
Others	3,502	4,988	3,023	3,716	4,551
Group	119,869	112,054	111,754	122,116	130,789

Continuous Improvement Process for Competitiveness

The gratifying order intake development furthermore found support in our Continuous Improvement Process for Competitiveness. The programme is to solidify and evolve first restructuring successes. The programme (CIP Competitiveness for short) builds on our previous 9-point-programme and the resulting method proficiency of our staff, including process chain analysis, MTM (Methods of Time Measurement), CIP, and Kaizen.

The programme's four pillars comprise (1) the strategic reorientation of both main divisions, (2) organic growth for more cyclical independence, (3) enhanced cost flexibility, and (4) staff qualification and motivation.

The goal is to keep our company on a long-term course to profitable growth.

(1) Strategic reorientation of our divisions

Explosion Protection is already fundamentally well positioned. However, its high product range complexity causes cost disadvantages. We are trying to remedy this defect by focussing on products that are essential in terms of development and value creation. We already analysed the situation and will begin to implement the resulting action plan this fall. Tapping new market segments is to provide appropriate sales volume for the existing product structure.

We are already cultivating a new market segment with our products for dust explosion protection. In 1H 2004, we realised a sales volume of € 400,000 in this business. We are especially pleased about having received approval for our pertinent products in Korea and the UK that allows us to enter the market of industrial shipbuilding supplies.

Material Handling still has to undergo fundamental strategic reorientation. So far, custom engineering solutions based on standard components have not been sufficiently developed notwithstanding existing expertise in the group. We built up corresponding capacity to better utilise the potential here, for instance, by hiring engineers for project design, processing, construction, and development. We are moving ahead with our first projects for further process automation to realise cost synergy.

(2) Organic growth

Already during the restructuring process, we initiated our innovation drive to make our company's growth less dependent on economic cycles.

In the first half of this year, Explosion Protection launched a new hand-held lamp for explosion-prone environments as part of this innovation drive. In May followed the introduction of a rugged explosion-protected pendulum lamp for offshore and tropical industrial installations in the chemical and oil sectors as well as in natural gas exploitation and processing. Likewise in 1H, our new system SolConeX replaced the old power transmission sockets for explosion-prone areas.

In support of this strategy of increased focus on system solutions and speciality products, Material Handling designed a crane kit for international crane construction applications. The crane kit allows plant and crane builders to efficiently construct custom solutions on location using our special components. In April, we launched a new overhead conveyor system that can supplement complex custom solutions with small cranes and overhead conveyors. The system is compatible with leading products on the market and can be integrated into existing systems.

(3) Cost flexibility

The third principal pillar of our CIP Competitiveness is improving our cost structures and making them more flexible. An integral part of switching to IAS/IFRS accounting is to standardise and unify different methods of calculation and reporting. This will allow us to more efficiently present information and cash flows from 2005 forward.

Another achievement of this first half of 2004 was that we just about finished implementing our uniform IT system at central subsidiaries abroad. This will further lower distribution settlement costs.

Safeguarding our German business presence whilst improving cost structures requires a variety of measures, some of which came a long way in the first half of 2004. Explosion Protection expanded its partnership in the production and assembly of electronic components with a regional player in the Eastern European EU hopefuls. Besides the desired cost effect, this also helped normalise our German capacity utilisation. As such, we used organic growth to integrate low-cost partners.

As part of its strategic reorientation, Material Handling managed to come to a fundamental agreement with its employees, the worker's council, and labour union after sometimes heated debate. The parties to this agreement are currently negotiating what future measures to take. As soon as there is a final resolution, implementation can begin. We will probably see first results this fiscal year.

(4) Staff motivation and qualification

Our CIP Competitiveness builds on our staff's method expertise. Since we wanted to design our restructuring with our staff and not against it, we instituted a permanent drive for excellence with regular and advanced training programmes. In the first half of 2004, we prepared qualification matrices for our production departments and began assembling data on employee qualification. Material Handling introduced teamwork in its production.

Explosion Protection's production started an intensive IT-oriented process seminar to improve throughput times and order handling set up. The goal is to optimise delivery fidelity and times through efficient process control.

Outlook

As 1H 2004 clearly showed, our turnaround since fall 2003 is here to stay. The restructuring resulted in lasting successes and for the first time in years, our half-year earnings are in the black.

However, one should not overlook the fact that we are still operating in an adverse economic environment. The weak greenback may jeopardise cyclical recovery, although we hedged our dollar/euro-rate exposure well into 2005. Steel prices have reached a level that cannot be easily passed on to customers. This affected our earnings situation in 1H 2004, albeit to a still acceptable degree. The domestic economy remains weak. We are seeing significant price pressure in all our divisions' activities.

Despite this difficult environment, we are again sufficiently profitable to afford implementation of the costlier parts of our strategy. For instance, we are expanding our technological competence in development, project design, and construction by hiring new engineers and related specialists to lay the foundation of profitable growth for years to come.

Material Handling's reorientation is making progress and has been showing its first success in order intake. The related structural change will have to be implemented gradually and will still depress the division's profitability this year. In 2005 at the latest, Material Handling is to make positive pre-tax earnings contributions again. The agreement with its staff will support this process.

Thanks to its improved cost structures and new products, Explosion Protection will continue its positive earnings development and build up its market position.

Both divisions benefited from gratifying order intake. Orders on hand grew € 14.2m in 1H 2004 and will largely translate into sales in the second half of the year.

We expect further sales growth for the second half of the year, albeit not on a par with 1H figures, as economic recovery already boosted 2H 2003 results. Thanks to still stable order intake from abroad, however, we nonetheless expect sales growth clearly in excess of 5% for 2004 as a whole.

Owing to this positive sales development and the ongoing CIP Competitiveness, we anticipate a disproportionate rise in earnings.

Waldenburg, August 2004

The Managing Board

Consolidated balance sheet

Assets	06/30/2004 €000	12/31/2003 €000
A. Assets		
Intangible assets	3,580	3,630
Tangible assets	25,830	27,118
Financial assets	2,528	2,226
	31,938	**32,974**
B. Current assets		
Inventories	40,047	35,101
Receivables and other assets	50,065	51,232
Liquidity and securities	10,815	8,909
	100,927	**95,242**
C. Deferred items	**675**	**746**
D. Deferred taxes	**5,489**	**5,466**
	139,029	**134,428**

Equity & Liabilities	06/30/2004 €000	12/31/2003 €000
A. Equity	**36,476**	**36,085**
B. Accruals		
Accruals for pensions and similar obligations	34,762	34,078
Tax accruals	701	1,475
Other accruals	16,044	13,996
	51,507	**49,549**
C. Liabilities		
Liabilities to banks	18,914	15,448
Trade liabilities	11,278	12,738
Other liabilities	20,507	20,545
	50,699	**48,731**
D. Deferred items	**347**	**63**
	139,029	**134,428**

Consolidated equity evolution

€000	Subscribed capital	Capital reserve	Earned consolidated equity	Cumulated other consolidated equity	Equity according to consolidated balance sheet	Treasury shares	Total	Minority interests	Consolidated equity
01/01/2003	**16,500**	**8,219**	**8,274**	**1,340**	**34,333**	**-3,638**	**30,695**	**1,045**	**31,740**
Distribution					0		0	-518	-518
Other changes [1]			334		334	-144	190		190
Period earnings			-1,761		-1,761		-1,761	154	-1,607
Currency translation				-903	-903		-903	-127	-1,030
06/30/2003	**16,500**	**8,219**	**6,847**	**437**	**32,003**	**-3,782**	**28,221**	**554**	**28,775**
01/01/2004	**16,500**	**0**	**18,764**	**184**	**35,448**	**-3,782**	**31,666**	**637**	**32,303**
Distribution			-1,217		-1,217		-1,217	-265	-1,482
Other changes [1]					0		0		0
Period earnings			1,362		1,362		1,362	221	1,583
Currency translation				278	278		278	12	290
06/30/2003	**16,500**	**0**	**18,909**	**462**	**35,871**	**-3,782**	**32,089**	**605**	**32,694**

[1] Other changes comprise treasury share acquisiton, changes in the scope of consolidation, and other valuation-related changes in equity positions.

R. STAHL AG prepares its consolidated financial statements according to German Commercial Code and Stock Corporation Act principles and its interim reports according to German Accounting Standard No. 6 in the version of 13 February 2001 as well as the Stock Exchange Standard of the Frankfurt stock exchange.

R. STAHL AG prepares its annual financial statements and interim reports according to the same accounting and valuation standards. Please find a detailed list of the methods used in our notes to the annual financial statements as of 31 December 2003.

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